

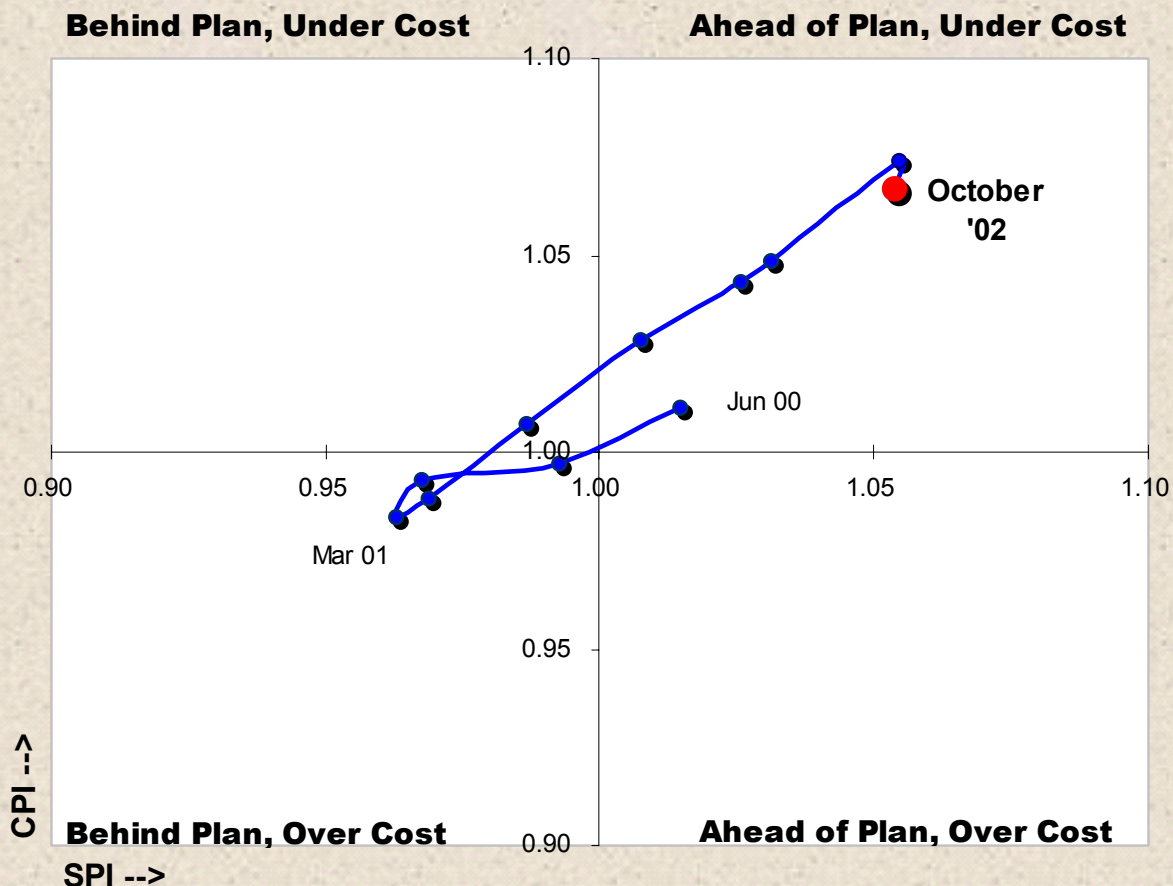
ROCKY FLATS

Monthly Project Report

FY03
October, 2002

CPI and SPI by Quarter

At 44% LifeCycle Scope Complete



Monthly Project Report **Rocky Flats**

October 2002

Executive Overview

In General: K-H is continuing to complete work activities below the estimated cost and ahead of schedule. Positive cost and schedule variances have prevailed for the previous thirteen months. K-H continues its emphasis on working safely and maintaining compliance with procedures to ensure safe operations.

Key Accomplishments: D&D activities remain on or ahead of schedule. Removal of internal furnaces and equipment including approximately 13 pounds of plutonium holdup from a glovebox in PBD A (B371) that was also decontaminated during the month. PBD D (B776) safely decommissioned a size reduction vault. One small building, a security storage vault an electrical transformer station and nine other miscellaneous structures were demolished. The Waste program shipped 302m³ of TRU, 2991m³ of Low Level Waste, and 206m³ of Low Level Mixed Waste. Waste program also moved waste drums and crates from Area 1 to Building 460 High Bay. Proposed remediation plan for 903 Pad approved by regulators and work will begin in November.

K-H has revised their schedule to accelerate D&D activities in B371. DOE will monitor these adjustments and for the foreseeable future will use December 15, 2006 as the Estimated Completion Date (ECD).

METRIC	
Safety:	There was one event of "Serious Concern" (Level 4), and three events of "Significant Concern" (Level 3) events. Details on page 2.
Bears Watching	No Site Noncompliance Tracking Reports were submitted for the month of October.
Cost Variance:	Cumulative Cost Variance = +6%, +\$111M out of ~\$1,768M BCWP _{CUM}
On Plan	<i>LIFECYCLE: 44% of target scope completed; 42% of target cost expended</i>
Schedule Variance:	Predetermined Work Activities* SV = +43%, +\$57M
	<i>LIFECYCLE: 11% of scope scheduled; 16% of scope completed</i>
On Plan	Traditional Schedule Variance = +5%, +\$90M
	<i>LIFECYCLE: 42% of scope scheduled; 44% of scope completed</i>
	<i>*K-H Reporting. These figures are validated Quarterly by RFFO</i>
Critical Path	CP = <u>SNM activities, B371 D&D</u> Estimated Completion Date: <u>December 15, 2006</u>
Completion Date:	The critical path is unchanged this month. The contractor has been closely examining critical path activities for acceleration opportunities. Their current projection is that the completion date can be accelerated several months. For now, RFFO will continue to use December 15, 2006 as the ECD.
On Plan	
Current CP: On Plan	
<i>Under review</i>	
Key Milestones	Closure Activities: Decommissioned the 993 Security Storage Vault, 282 sanitary Landfill Fire Protection Building, 888A Electrical Transformer and about nine other miscellaneous structures.
DNFSB: Bears Watching	DNFSB: <i>Liquids</i> – FY2002 Complete. <i>Residue repackaging</i> – FY2002 Complete. <i>Pu Metals & Oxides</i> - May 2002 milestone was not met. New PuSPS completion date of October 2003 has been proposed.
RFCA: Complete	
	RFCA FY03 Milestones: <i>K-H Reporting. These figures are validated Quarterly by RFFO</i> All FY2002 Milestones have been validated as complete. FY2003 Milestones are currently being defined based on those validations.
GFS/I	Impacts of the delay in delivery of a receiver site for Special Nuclear Material are being calculated. • HQ supplemental for Carlsbad is needed to fund the WIPP security program for classified TRU wastes (resolution pending), and for solid core sampling of TRU waste at Argonne West. • Need DOE receiver site for Low Level Mixed Waste Orphans.
Status: Bears Watching	
Forecast: Bears Watching	

Executive Summary

Contract Status

TC: 3.973B (Original: 3.963)

TF: \$340.8M (Original: \$340M)

TCD: 15 December 2006

Penalty Assessment

No Fee Penalties were issued in October. To date, four fee penalties have been issued under the terms of this contract with total penalties equaling \$510,000.

Requests for Equitable Adjustments (REAs):

Negotiations on the REA for National Emergency costs have been completed, and the contract modification is under review at Headquarters. The REA for the shipment of 125 items greater than 1000A2 was formally submitted at the end of this month. No REA settlements have been incorporated into the contract this month.

Pending REA's: ~ \$38M +-

- ✦ ~ \$18 million: National Emergency (2002 – 2003 Costs): *Negotiations complete pending HQ review.*
- ✦ ~ \$3 million: Shipment of 125 items greater than 1000A2. (*Rec'd Oct 2002*)
- ✦ ~ \$13 million: WIPP WAC Part III (projected 2002 - 2005 costs)
- ✦ ~ \$1 million: PuSPS Moisture measurement
- ✦ ~ \$3+ million: Miscellaneous (System Engineers/B371 VSS, NTS Waste Acceptance Criteria, PuSPS outside SRS Requirement, Beryllium Monitoring)



Safety

4 Events of “Significant Concern” or Above

There were 129 site-wide safety events during the month of October. There was one “Serious Concern” Level 4 event and three “Significant Concern” Level 3 events. The Level 4 event involved a throat wound from a Sawzall in B865: While size reducing metal in Room 145 the Sawzall kicked back and cut the subcontractor employee in the lower throat. The employee was transported to the Occupational Medical Department by his supervisor, where he received five stitches. A wound count was performed and was negative. The employee was cleared to return to work. All Sawzall operations in Building 865 were curtailed until a Fact Finding Meeting was completed.

The following is a summary of the three Level 3 events:

- B771- Alpha uptake during size reduction: While raking Raschig rings from a tank in B771/774 in room 114, utilizing an attachable portable glovebox with HEPA ventilation, contamination was detected on a worker's anti-C gloves and on the bag-out bag (pin hole leak) that was attached to waste drum and glovebox. The crew was attempting to determine the source of the contamination when the Continuous Alpha Air Monitor alarmed. The Radiological Work Permit did not require personnel to wear respiratory protection while working in the glovebox, however, the employee who was working in the glovebox was wearing respiratory protection. Seven D&D workers were in the immediate work area and after Potential Intake (PI) calculation results, all seven were conservatively assigned a Level 2 PI. Nasal smears were taken from all workers that were in Room 114 at the time and the seven workers reported to Internal Dosimetry for bioassay evaluations.
- B865- Filterless respirator: An employee had been working in the high bay area of the facility for approximately 2½ hours when a Radiological Control Technician pointed out that his respirator did not have any filter cartridges. The worker was removed from the Contamination Area. A bio-assay kit for a potential inhalation was initially ordered but later canceled because respiratory protection was required for potentially Be contaminated areas only.
- B374- Energized electrical line nearly cut: During D&D activities in Room 3801, an electrician improperly began to cut a conduit that was not marked for removal. The conduit contained an energized 480 V line. The electrician was immediately stopped by a co-worker who recognized that the conduit was not authorized for removal. There is no indication that the energized line was damaged. The work activity was immediately stopped and the Configuration Control Authority notified. Integrity of the energized line is being evaluated by electricians.

Monthly Project Report **Rocky Flats**

October 2002



Critical Path

The contractor has been closely examining the critical path activities to identify schedule acceleration opportunities. The critical path includes preparation / packaging of composites followed by B371 D&D and site grading. The contractor believes that they can accelerate project completion to the summer of 2006 through selective resequencing of critical path and near critical path activities. RFFO is monitoring the efficacy of the new critical path/near critical path model and for the foreseeable future will continue to utilize December 15, 2006 as the estimated completion date.



Management Priorities / Initiatives

Confirm Receiver sites and approved containers for shipment of SNM.
Disposition for TRU and LLMW Orphans.



GFS/I Performance

GFS/I related delays prevented the scheduled initiation of SNM shipping. The contractor has been able to recover projected schedule based on DOE's expanded SST commitment.

HQ supplemental funding to Carlsbad is needed for WIPP security program upgrades associated with classified TRU wastes (Resolution Pending).

Funding is also needed for solid core sampling of TRU waste at Argonne West as part of the centralized characterization project.

Treatment and disposal sites are needed for orphan wastes, including disposal sites for LLMW between 10 and 100nCi/g activity.

Approval is needed on the B776/777 Decommissioning Operations Plan Modification.

Cost Performance



Cost

LIFECYCLE: 44% of scope completed; 42% of target cost expended

Cost Variance +6%, +\$111M (positive trend)

During the month of October, cost performance declined slightly (-\$8M) this month. Cost Variance for target activities went from +7%, +\$119M in September to +6%, +\$111M this month.

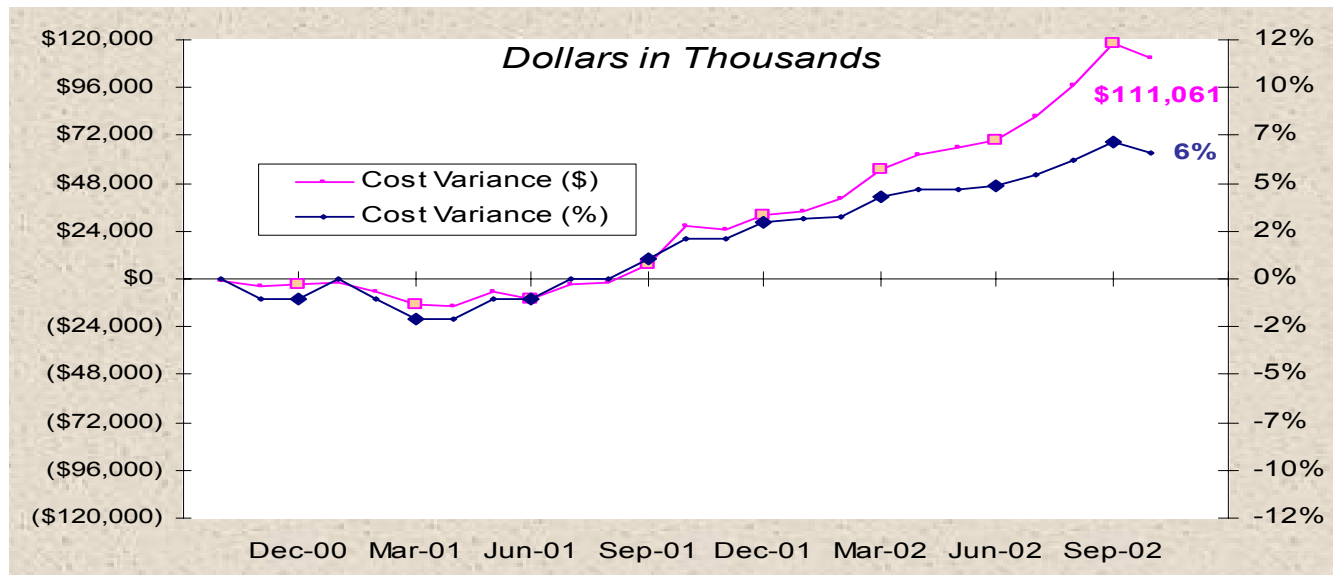
Most of the PBDs continue to experience positive cost variances as a result of efficiencies. In PBD G, significant cost savings were realized when KH determined that several Individual Hazardous Substance Sites did not require further remediation (that determination is pending regulator approval). These cost savings result in a +31% cost variance for this PBD.

The slight decline in the Project's cost performance for the month is evident in the following graph of life cycle cost variance (for target costs only). The slight decline is not unusual in light of the significant positive variance experienced over the prior quarter.

Monthly Project Report **Rocky Flats**

October 2002

Cumulative Cost Variance Over Time



NOTE: Currently, the closure project has accumulated \$13.7M in non-target Site Closure (EW05) and Safeguards and Security (FS40) costs. These non-target costs are generally the result of technical direction and may eventually be considered as part of potential Requests for Equitable Adjustment, and / or will impact cost variance.

Cost Performance by PBD*:

	Project Description	BCWP	ACWP	CV (\$)	CV (%)
1A	371 Complex Project	233,523	253,695	(20,172)	-9%
1B	707 Complex Project	135,659	136,068	(409)	0%
1C	B771/774 Closure Project	157,684	167,143	(9,459)	-6%
1D	B776/777 Closure Project	125,857	121,403	4,454	4%
1E	Industrial and Site Services Project	313,794	252,607	61,188	19%
1F	Material Stewardship Project	406,916	396,541	10,375	3%
1G	Remediation Project	35,649	23,910	11,739	33%
1H	Engr., Environ, Safety & Quality Programs	127,486	110,705	16,781	13%
1J	Support Project	231,529	194,965	36,564	16%
Project Totals		\$1,768,097	\$1,657,036	\$111,061	6%

* Includes **all target** fund sources: EW05, FS40, EW02, GG08, NN61 and YN01

The positive cost performance on the Closure Project is concentrated in PBD E, *Industrial and Site Services Project*, and in the level-of-effort activities in PBD J, *Support Project*. Significant cost savings have been realized in some cost accounts of PBDs A, and C (371 and 771), however they are overshadowed by overruns in other cost accounts.

Monthly Project Report **Rocky Flats**

October 2002

Schedule Performance

DEFINITIONS OF ROCKY FLATS' SCHEDULE PERFORMANCE INDICATORS HAVE BEEN MOVED TO THE GLOSSARY AT THE BACK OF THIS REPORT.



Comparative Schedule Performance

The project-level positive schedule variances reflect the contractor's continued success at accelerating workscope. However, the majority of accelerated activities have been in PBDs D and E; not on the Critical Path. A comparative review of schedule performance indicators continues to indicate that positive schedule metrics in the Building 776 Closure Project (PBD D), and the Industrial and Site Services Project (PBD E) are masking negative schedule metrics in the Building 371 Complex Project (PBD A) caused in part by delays in composite preparation and SNM removal.

K-H's critical path revisions in September have resulted in some projected early finish dates for the individual Projects. DOE is still reviewing the K-H changes and will utilize December 15, 2006 as the estimated completion date for the Total Project until the review is complete.

Project		SV _{TRAD}	SV _{PWA} *	SV _{MM}	SV _{P3} +/- Days
1A	371 Complex Project	-4%	-5%	-11%	102**
1B	707 Complex Project	4%	20%	11%	46
1C	B771/774 Closure Project	4%	6%	9%	3
1D	B776/777 Closure Project	15%	106%	38%	168
1E	Industrial and Site Services Project	23%	189%	104%	187
1F	Material Stewardship Project	1%	146%	6%	142
1G	Environmental Remediation	33%	797%	40%	102**
Total Project:		5%	43%	20%	102**

*These are K-H reported values which reflect approximately \$6.5M (\$5.6M in PBD G) over RFFO validated BCWP. RFFO validates and reports on PWA performance quarterly, in the Total Project Report

**Under RFFO Review



P3 Completion

The **K-H generated** Estimated Completion Dates (ECDs) from the P3 schedule are represented below. K-H has been closely examining the critical path activities to identify schedule acceleration opportunities. In their September schedule status reporting they included some modified logic ties/relationships, some expected efficiencies, and calculated the resultant critical path. RFFO is monitoring the critical path and for the foreseeable future will continue to utilize December 15, 2006 as the estimated completion date.

PBD	Activity Description	Baseline Early Finish	Statused Early Finish
A	B371	11-Oct-06	01-May-06*
B	B707	13-Mar-06	28-Dec-05
C	B771/774	18-Aug-04	13-Aug-04
D	B776/777	31-Oct-06	07-Feb-06
E	Industrial Sites	11-Oct-06	15-Dec-05
F	Material Stew.	13-Dec-06	01-May-06
G	ER	14-Dec-06	05-Jul-06*
ALL		14-Dec-06	05-Jul-06*

Monthly Project Report Rocky Flats

October 2002

*Under RFFO Review

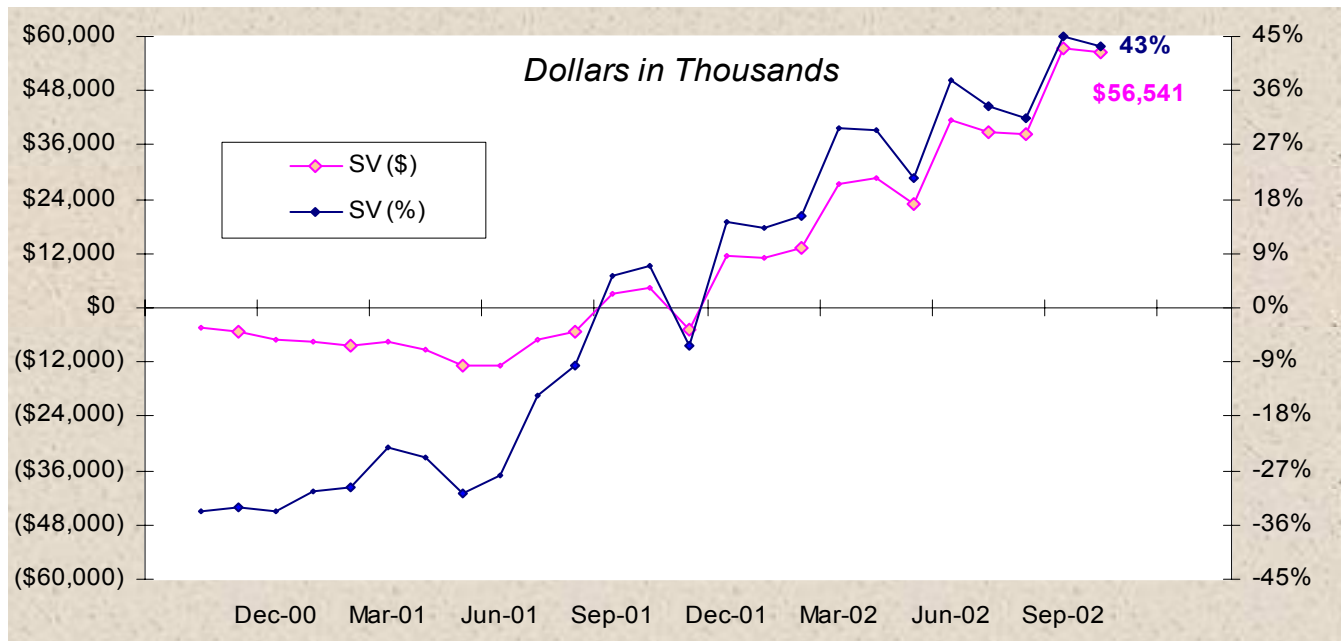


Predetermined Work Activities

SV_{PWA} (+\$57M, +43%)*

K-H continues the positive performance on Predetermined Work Activity schedule variance (SV_{PWA}) begun in June of 2001. The current BCWS for these activities is \$130M and the lifecycle BCWS for these activities is \$1.145B. At the end of October, 40% of the contract schedule has elapsed (33 out of 82.5 months), 11% of the PWA scope was scheduled for completion (lifecycle), and 16% (\$187M) of the PWA scope is actually completed. This month, SV_{PWA} performance declined slightly going from +\$57.4M and +45% in September to +\$56.5M and +43%.

**These are K-H reported values which reflect approximately \$6.5M (\$5.6M in PBD G) over RFFO validated BCWP. RFFO validates and reports on PWA performance quarterly, in the Total Project Report*



Monthly Project Report **Rocky Flats**

October 2002

Project Metrics

Project Metric	Life Cycle ¹ Planned	Actuals to Date	Actuals for Month	Actuals this FY	FY Plan (CPB)	FY Plan (AWA)
Low Level Waste Disposed (m ³)	184,475	50,531 ⁶	2991	2991	36,637	37,000
Low Level Mixed Waste Disposed (m ³)	44,614	3,495 ⁶	206	206	3151	8,700
TRU Waste Disposed (m ³)	12,355 ²	4,437 ⁶	302	302	2065	3,000
Depleted and Other Uranium Dispositioned (Metric Tons)	250	210	30	30	70	70
Certified 3013 Containers Produced	1,700 ³	1,062	78	78	0	716
B371 Project Work Sets	60	6	0	0	9	14
B707 Project Work Sets	98	35 ⁹	0	0	17	17
B771 Project Work Sets	106	62 ⁴	0	0	13	15
B776 Project Work Sets	82	66	0	0	17	13
Facilities Demolished	290 ⁵	71	3	3	6	43
Release Sites Assessed	238	144 ⁷	0	0	21	21
Release Sites Cleaned Up	121	31 ⁸	1	1	9	9
Gloveboxes removed	1,324	787	33	33	306	403

¹ "Life Cycle" based on Closure Project Baseline metrics and New Corporate Performance Measures

² Per revised K-H lifecycle estimates

³ Life cycle estimate changed from 1900 to 1700 to account for shipment of 962 kg of Low Purity Oxides to WIPP

⁴ Starting in FY03 (Oct.'02) this number includes D&D work sets and areas

⁵ Based on current IPABS data, subject to change

⁶ Represents revised inventories at start of new FY

⁷ Revised to account for ground water plumes cleanup

⁸ Revised because NFA actions from regulatory agencies not yet received

⁹ Correction (from 36 sets to 35) in data reported since June 2002

Note: Residue Stabilization Project completed in May 2002; all 104,146 kgs of residues stabilized.

Key Definitions / Terms

Rocky Flats' schedule performance indicators:

All schedule variance indicators (except P3) use the standard formula $SV = BCWP - BCWS$ and are measured in dollars, not time. Performance is measured against the Life-Cycle Baseline as presented in June 2000 with minimal adjustments approved through our rigorous Change Control Process. The indicators defined below differ mainly in which budgeted costs are included in the analysis.

Traditional Schedule Variance (SV_{TRAD}): This indicator addresses schedule performance compared to plan for the entire project contracted with Kaiser-Hill. It includes all "Target" costs as defined by the contract (EW05, EW02, FS40, GG08, YN01, and NN61). It does NOT include budgeted costs for things like performance fee, technology deployment, and program (RFFO) funds. A positive variance means that, compared to the original plan, more work was accomplished than planned. A negative variance means that less work has been accomplished than planned.

Modified Milestone Schedule Variance (SV_{MM}): This schedule performance indicator is designed to focus on all the 'real' work at the site. It removes level-of-effort activities from the analysis, but adds the Technology Deployment budget. Again, the variance indicates that more work or less work was accomplished than planned.

Predetermined Work Activities Schedule Variance (SV_{PWA}): In order to best assure that the government is awarding performance fee for the accomplishment and acceleration of the most important work at Rocky Flats, our contract with Kaiser-Hill includes a list and schedule of ~900 "Predetermined Work Activities" against which performance is measured and provisional fee is paid. Generally, SV_{PWA} calculations allow for earning value only when an activity is 100% complete (all or none), unless the activity is a quantity-based measure. These activities represent critical work necessary to the timely closure of the Site, and performance is measured against the baseline schedule set out at the beginning of the contract. Although the contractor is free to realign specific work activities as they see fit, the dollar amount of work accomplished against these critical activities is expected to remain on plan to facilitate timely closure of the site.

Primavera Project Planner Schedule Variance (SV_{P3}): In contrast with the previous indicators, the P3 schedule variance is measured in units of time (days). The Primavera project scheduling software computes the longest (critical) path through the contractual work on the Project and arrives at the Statused Early Finish, (a.k.a. Estimated Completion Date). Variance is measured against the Baseline Early Finish as established in June 2000.

ECD – Estimated Completion Date. The earliest finish date for the project, based on the project's Critical Path.

See definition above for Primavera Project Planner Schedule Variance (SV_{P3}).

CP – Critical Path. The longest path through the activities required to complete the project.

See definition above for Primavera Project Planner Schedule Variance (SV_{P3}).

Orphans – Low Level Mixed Waste Orphans. Wastes which must be removed from the Site but for which no disposal treatment path has been identified and/or approved.

D&D – Deactivation and Decommissioning. Deactivation: the process of placing a "building" in a safe and stable condition. Decommissioning: All activities that occur after deactivation. Includes decontamination and dismantlement /demolition.

PBD A – 371 Complex Project. Liquid waste ops, Plutonium Stabilization & Packaging System (PuSPS), repackaging of residues, SNM removal (including shipping), and D&D. Building demolition by October 11, 2006.

PBD B – 707 Complex Project. SNM holdup removal, consolidation of SNM into B371, classified matter removal, and D&D. Building demolition by 3/1/06.

PBD C – 771 Complex Project. Complex D&D and D&D Programs (site decommissioning program and EM-50 funded projects). Building demolition by 8/04/04.

PBD D – 776 Complex Project. D&D. Building demolition by 10/27/05. Removal of the slab/foundation by 4/26/06 and project completion by 10/31/06.

PBD E – Industrial / Site Services Project. The industrial and site services portion of the RISS Project, and other bldg D&D.

PBD F – Material Stewardship Project. Technical program direction and operational support for commodities, engineered services, procurement, traffic & transportation, and disposition of waste.

PBD G – Remediation Project. The Environmental Restoration (ER) Program portion of the RISS project. The overall scope includes Industrial Area and Buffer Zone Closure and environmental restoration including any remaining characterization.

PBD H – Engineering, Environmental, Safety, Quality, and Health. Infrastructure. Includes; project management, assessment, oversight, event investigation and reporting, assistance, RFCA Implementation, regulatory compliance and monitoring, waste certification, technical training, Nuclear Safety and Licensing, Criticality Safety, Fire Protection, Engineering, Safety/Work Control, and Radiological Protection.

PBD J – Support Project. General Counsel & Audit (GC&A), Strategic Planning & Integration, Administration, and the K-H Executive Office.